

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 98-0305P**

**Income Tax  
Calendar Year 1994**

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**ISSUE(S)**

**I. Tax Administration – Penalty**

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the imposition of the negligence penalty.

**STATEMENT OF FACTS**

Taxpayer is a partner in a partnership that sells and services software used in the medical and health system industry. The taxpayer has no location in Indiana but the partnership had nexus in Indiana.

Taxpayer failed to declare for gross income tax, the distributable income from the partnership. 45 IAC 1-1-159.1 clearly states that

- (a) Corporate partner's distributive share of partnership income is subject to Gross Income Tax.

**I. Tax Administration – Penalty**

**DISCUSSION**

At issue is whether the taxpayer was negligent when it failed to report partnership income to Indiana.

Taxpayer states that it puts forth a good faith effort to file properly in all tax jurisdictions and that it does not intentionally disregard the laws and regulations of Indiana or any other jurisdiction.

Taxpayer failed to report the distributive share of a corporate partner in gross income. Failure to do so is negligence therefore the penalty may not be waived.

**FINDING**

Taxpayer's protest is denied.